

January 20, 2017

Survive the Trump Administration with High Alert

By SHIKATA Tatsuo

Under the "Trump Market" stock prices are soaring and Yen is depreciating. I have concern about growing "Optimism" among some people. Particularly, depreciation of ¥15/month is an extraordinary situation, which does not reflect on the real market.

Some say "Since Trump has been in business for a long time, he must make an economically reasonable judgment", but his real estate business is a quite speculative "zero-sum game" compared with other businesses, and he is always trying to be a sole winner and is proud of it. Nowadays, first class business persons always seek for "win-win relationships" with highly required CSR (Corporate Social Responsibility), and the Trump style business is obsolete under the present world standard. He has already started criticizing TOYOTA who is going to invest in Mexico, and it is not in compliance with principles of the Free Market Economy that the President-elect is putting pressure on a foreign private company not to invest in another country.

One of coming concerns is the trend of the Sino-USA Relationship. Trump has repeatedly made assertive statements such as "to impose 45% import tax on products from China" and "to designate China as Foreign Exchange Manipulator", but it remains to be seen if/when he may suddenly change his attitude. He may improve the Sino-USA Relationship as well as the Russo-USA Relationship, and may try to jointly control the world among the three countries. Then, Japan may be left behind. Most of US companies have recognized China as a huge growing market since 1980s, and it is a symbolic event that IT executives, who rarely wear suits, wore suits to welcome Xi Jinping in autumn in 2015 when the Sino-USA relationship turned sour.

Trump seemingly receives advice from Kissinger from time to time, and it is Kissinger himself who bypassed Japan to open the Sino-USA Relationship. Even now he regards China as a "partner of USA", while he shows cautiousness on Japan in his latest book entitled "World Order".

The only certain thing about the Trump Administration would be "Unpredictability". We can no longer judge the Japan-USA Relationship in line with the present common understanding. Without any presumption but with high alert we should survive the new Administration, and it is critically important that we keep appealing to Trump and ordinary US citizens how profitable the

Japan-USA Security Treaty and the Japan-USA Economic Relationship are in a clear and visible manner.

(This is the English translation of an article written by SHIKATA Tatsuo, Economist, which originally appeared on the e-forum "Hyakka-Seiho (Hundred Flowers in Full Bloom)" of JFIR on January 10, 2017.)